



Impact of global crisis on Mexican multinationals varies by industry, survey finds

Report dated December 14 2010

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Mexico City and New York, December 14, 2010:

The Institute for Economic Research (IIEC) of the National Autonomous University of Mexico (UNAM) and the Vale Columbia Center on Sustainable International Investment (VCC), a joint initiative of the Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of their second annual survey of Mexican multinationals today.¹ The survey is part of a long-term study of the rapid global expansion of the multinational enterprises of emerging markets. The present report focuses on data for the year 2009.

Highlights

In 2009, the 20 companies listed in table 1 below posted about USD 117 billion in foreign assets, 63 billion in foreign sales, and had 227,484 employees in their overseas operations. The top three companies on the list are CEMEX, America Movil, and Carso Global Telecom, which together controlled USD 86 billion in foreign assets, which was 73% of the total on the list. The leading sectors on the list are food and beverages (4 firms), non-metallic minerals (4 firms), and telecommunications (2 firms).

In keeping with the tradition in Mexican outward foreign direct investment (FDI), most of the investments were undertaken in Latin America and the Caribbean and in North America – specifically the United States. These regions were followed in importance by Western Europe. Mexican outward FDI has now also begun to appear in China, India, and Australia.

¹ Dr. Jorge Basave Kunhardt and Dr. María Teresa Gutiérrez-Haces, Senior Researchers at the Institute for Economic Research at the National Autonomous University of Mexico (UNAM), are responsible for the present report. They acknowledge the technical support provided by Carmen Uribe, Iris Velasco, and Carmen Irene Rodríguez.

The shares of all companies ranked in table 1 are publicly traded, with the exception of PEMEX, which is 100% state-owned, and Xignux, which is a privately held family-owned firm.

Table 1. The top 20^a Mexican multinationals, by foreign assets, 2009 (USD million)^b

Rank	Company	Industry	Status ^c	Foreign assets
1	CEMEX	Non-metallic minerals	Listed (Nil)	39,607
2	America Movil	Telecommunications	Listed (Nil)	29,470
3	Carso Global Telecom	Telecommunications	Listed (Nil)	16,891
4	Grupo México	Mining	Listed (Nil)	7,742
5	Grupo FEMSA	Beverages	Listed (Nil)	5,222
6	Grupo Bimbo	Food products	Listed (Nil)	4,816
7	Grupo ALFA	Diversified	Listed (Nil)	2,759
8	PEMEX	Oil & gas	Unlisted (100%)	2,090
9	Gruma	Food products	Listed (Nil)	2,056
10	Grupo Televisa	Television, motion pictures, radio & telecommunications	Listed (Nil)	1,565
11	Mexichem	Chemical & Petrochemicals	Listed (Nil)	1,520
12	Cementos Chihuahua	Non-metallic minerals	Listed (Nil)	1,312
13	Xignux	Diversified	Unlisted (Nil)	735
14	Industrias CH	Steel & metal products	Listed (Nil)	574
15	Grupo VITRO	Non-metallic minerals	Listed (Nil)	397
16	Grupo ELEKTRA	Retail trade	Listed (Nil)	246
17	San Luis Corp.	Automobile parts	Listed (Nil)	122
18	Interceramic	Non-metallic minerals	Listed (Nil)	98
19	Accel	Food products	Listed (Nil)	87
20	Corporación Durango	Paper & paper products	Listed (Nil)	76
Total				117,385

Source: IIEc-VCC survey of Mexican multinationals and company reports and websites.

^a Although we speak of the 'top 20' Mexican multinationals here, it was not possible to obtain information about other likely candidates for the bottom half of the list. For further details, see the third paragraph under 'Profile of the top 20' below.

^b The exchange rate used is the IMF rate of December 31, 2009: USD 1=Pesos 13.0659.

^c The percentage in parentheses is the percentage of shares controlled by the state.

Profile of the top 20

Changes in the composition of the list and in rankings

There were no dramatic changes in the ranking between 2008 and 2009. The top three companies in the ranking remained where they were, accounting in 2009 for 61% and 73% of the foreign sales and assets of the list. CEMEX has been the most important global Mexican multinational for nearly two decades. America Movil and Carso Global Telecom are more regional players, with a fairly recent but very strong expansion in Latin America (annex table 2).

The most notable change was the addition of Grupo Vitro to the list (15th place); this is a conglomerate with extensive glass-manufacturing operations. The biggest change was a decline: Corporación Durango fell from the 16th place in the 2008 ranking to 20th in 2009 – unsurprisingly, since its assets fell simultaneously from USD 250 million to USD 76 million.² Other changes involved the following firms: Grupo México, which rose from 6th to 4th place due to strong investment³ that enabled it to recover control of the US company ASARCO; Grupo Bimbo, which went from 9th to 6th place as a result of the purchase of Weston Foods in the United States; and Mexichem, which went from 13th to 11th place by acquiring two petrochemical companies in Brazil and Colombia (annex tables 4 and 5).

It has not been possible to obtain data on the overseas assets or numbers of workers employed abroad for two publicly traded companies with important levels of outward investment, Grupo Carso and Grupo KUO (diversified).⁴ Three other multinational companies, Grupo Lala (food products), MABE (furniture), and Grupo Proeza (auto parts)⁵ are unlisted, family-owned firms, that do not publish or provide financial information. It has thus not been possible to consider any of these five companies in the 2009 report.

Drivers of outward FDI

With the opening up of the Mexican economy at the end of the 1980s, the main motives behind Mexican investment abroad were market diversification and the need for companies to raise their competitiveness in response to the opening of the domestic market. Mexican companies also wanted to take advantage of the opportunities offered by economic liberalization in Latin America and their background as exporters of manufactured goods. In Central America, they exploited low labor costs and, in the United

² The data used in 2008 came from the company's website and had not been audited. Durango's foreign assets as given in our 2008 report were thus probably overvalued. The data for 2009 come from the IIEc-VCC survey.

³ With a cash contribution of USD 720 million and having obtained financing for USD 1.5 billion, Grupo México recovered equity control of ASARCO, which it had lost in 2005 due to proceedings under chapter 11 of the US Bankruptcy Code as a consequence of the subsidiary having incurred in environmental, fiscal, and financial liabilities that led to the bankruptcy.

⁴ If such data were available, these two companies would almost certainly form part of the ranking, since they posted overseas sales of USD 787 million and USD 696 million respectively in 2009.

⁵ These three firms are not as large as Grupo Carso and Grupo KUO but, judging by recent press information, they may have investments abroad that are large enough to make them candidates for the bottom quarter of our ranking.

States and Europe, they exploited input quality and skilled labor. More recently, the strength of the Asian markets has begun to attract investment from some Mexican multinationals.

Ownership and status

PEMEX is the only state-owned Mexican multinational (with 100% state control) on our list and one of two companies on the list (the other being Xignux) that do not trade on any stock exchange. Of the other 18, all are listed on the Bolsa Mexicana de Valores and nine are also listed on a foreign stock exchange, most often the New York one (annex table 3).

Regional and global multinationals

Twelve of the 20 multinationals have expanded on a regional level, while eight have acquired a global projection. Although there is no clear pattern of differences between the regional and the global, it is obvious that the most globalized firms are CEMEX, Bimbo, ALFA, Gruma, and Mexichem (annex table 2).

Transnationality Index

The transnationality index (TNI) is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. It is expressed as a percentage (i.e., '79' rather than '0.79'). CEMEX has the highest TNI: 79. The TNI of half the multinationals exceeds 40, with most of them to be found in the top half of the ranking. Considering the TNI by industry, we note that all firms in the food products business have a TNI over 50 (annex table 1).

Top 10 mergers and acquisitions, 2007-2009

The greatest number of acquisitions occurred in 2007, with the most important among them being the purchase of the Rinker Group (Australia) by CEMEX. In 2009, the leading transactions were the recovery of ASARCO by Grupo México and the purchase of the US-based Weston Foods by Grupo Bimbo, which latter transaction made Grupo Bimbo the largest producer of breads and pastries in the US. In 2009, there was a slowing of the pace of expansion of telecommunications companies (see the 'Big picture' section below and annex tables 4 and 4a).

Divestments, 2009

The global crisis especially affected the construction sector, which led CEMEX to sell some of its production plants in Austria and the United States in 2008. Conditions worsened in 2009, when CEMEX was forced to sell its subsidiary in Australia to the Holcim Group (annex table 4b).

Top greenfield investments, 2007-2009

In this category, two companies with the largest number of affiliates stand out in terms of their investments: CEMEX and America Movil (see the 'Big picture' section below and annex table 5).

Principal industries

The two industrial sectors that have a dominant position in Mexican investment abroad are telecommunications (40%) and non-metallic minerals (35%). The latter, together with the food and beverage sector (10%), have traditionally been the industries that have accounted for most outward FDI, until the tremendous recent expansion of America Movil and Carso Global Telecom into Latin America, which has made telecommunications the most dynamic sector in this regard (annex figure 1).

Geographical distribution of foreign subsidiaries

Of the total of 271 foreign affiliates of Mexican multinationals, the largest number are located in Latin America and the Caribbean (137), followed by North America with 80 (annex figure 2).

Location of headquarters

The country's capital (the Federal District) and three states (Nuevo León, Chihuahua, and the State of Mexico) are home to all the head offices of the 20 companies (annex figure 3).

Top management of the top 20

The official language of all 20 companies is Spanish. In all of them, the CEO is a Mexican citizen. In eight companies, between 50% and 100% of the members of their boards of directors pursued their postgraduate studies abroad.

Changes in assets, sales and employment over 2008-2009

As table 2 below indicates, foreign assets and sales of the 20 companies grew by 23% and 10% respectively over 2008.⁶ The growth rates were above those of their total assets and sales (15% and 9%), demonstrating the advantages of market diversification. However, the crisis had different impacts on different companies, as a function primarily of the industries in which they operate. About 40% of the 20 companies experienced reductions in their total sales and another 40% (not necessarily the same ones) reported a fall in their foreign sales (see the 'Big picture' section below). The main contrast was in employment. While the total employment of the 20 companies fell by 13%, their foreign employment grew by 15%, thus increasing the share of foreign in total employment by 9%.⁷ Grupo BIMBO is in first place in this regard, with 40,000 overseas jobs: it is the largest Mexican employer in the United States (appendix 1, table 1).

Table 2. Snapshot of the top 20 multinationals, 2008-2009 (USD million)^a

Variable	2008	2009	% change, 2008-2009
Assets			
Foreign	95,237	117,385	23.25

⁶ Excluding Pemex for reasons explained in Table 2.

⁷ The main reasons for this growth were: increases in the foreign employment of several firms – Grupo Bimbo 60%, Carso Global Telecom 84%, Grupo México 77% – and the inclusion of Grupo Vitro in the 2009 ranking.

Total	164,508	188,680	14.69
Share of foreign in total (%)	57.89	62.2	
Sales			
Foreign	56,697	62,517	10.27
Total	110,698	120,897	9.21
Share of foreign in total (%)	51.22	51.71	
Employment			
Foreign	195,583	225,784	15.44
Total	725,646	633,173	-12.74
Share of foreign in total (%)	26.95	35.66	

Source: IIEc-VCC survey on Mexican multinationals and company reports and websites.

^a PEMEX is excluded from all three variables in order to avoid distortions due to the considerable weight that it represents in the aggregate data. (If it is included, the share of foreign assets in total would be 38.32% in 2008 and 40.39% in 2009). In the case of employment, Mexichem and Xignux are also excluded in 2008 and Cementos de Chihuahua in both years because information on their foreign employment was unavailable.

The big picture

Evolution of Mexican business groups and outward investment

The first outward investment cycle for Mexican business groups occurred in the 1970s, after several decades of expansion of the Mexican economy. During that decade some of the largest manufacturing firms in Mexico developed a broad strategy of purchasing domestic competitors inside the country and diversifying their businesses,⁸ which in some cases included the acquisition of banks and other financial companies. They also embarked on a process of internationalization through exports and investment abroad.

This investment cycle during the 1970s coincided with that of several developing economies with high growth rates during that and the preceding decade. Other developing countries with important outward flows in the 1970s were Hong Kong, India, Singapore, Brazil, and Argentina.⁹

The peculiarity of the Mexican case was that, while in the other economies outflows went into countries with common borders and/or similar or lower levels of economic development, a good part of Mexican investment abroad was undertaken as south-north investment, in a country that was both much bigger and much more developed: the United States. These flows were abruptly cut off with the foreign debt crisis of the 1980s. Companies even divested all their foreign assets as part of a policy to strengthen their finances.

The second foreign expansion cycle occurred at the beginning of the 1990s, following (and feeding) the Mexican export boom. The actors were the country's largest business groups

⁸ This included the purchasing of foreign affiliates in the case of the mining industry.

⁹ See Sanjaya Lall, *The New Multinationals: the Spread of Third World Enterprises*, New York; John Wiley & Sons; 1983, and Louis Wells, *Third World Multinationals: the Rise of Foreign Investment from Developing Countries*, London; MIT Press, 1983.

(as they had been in the 1970s) and, in several cases, also the oldest, dating back to the first quarter of the 20th century and even earlier. This second expansion, which is still continuing, has taken place mainly through cross-border acquisitions and the main target areas have been Central and South America and, again, the United States.

Some of the investments in the United States, such as those undertaken by food and television-programming companies, have taken advantage of the market niches opened up by the growing Latino population in that country. In the case of investments by steel, auto parts, and glass manufacturing companies, their linkages with multinational auto and beverage companies located in the United States and in South America have been decisive.

The growth in Mexican OFDI occurred following the liberalization of the Mexican economy, along with that of all the other Latin American economies, and it has been steady, except in 2001 and 2008. The opening of the economy also brought along with it a spectacular increase in inward flows and stock (annex figures 4 and 5).

In addition to the 20 companies ranked in this report, there are other Mexican companies with outward investment that are either not publicly traded or do not provide enough financial information to be included in this ranking.

The policy scene

Mexico, like most developing countries, has linked its policy on foreign investment inflows to its economic development goals. Up to 1986, IFDI operated within a protectionist regulatory framework. In 1994, the North American Free Trade Agreement (NAFTA), which contains a chapter on the protection of foreign investment, was adopted. This trade agreement brought about important legislative changes related to inward investment. The inclusion in NAFTA of a mechanism for resolving extraterritorial disputes offered companies stronger guarantees and protection. Mexico has also negotiated a number of bilateral investment treaties (BITs) since 1996 (table 3 below). Finally, in 2007, Mexico became a member of the Multilateral Investment Guarantee Agency (MIGA).

Table 3 Bilateral investment treaties signed by Mexico (1996-2008)

Country	Date of signature	Date of entry into force
Argentina	November 13, 1996	July 22, 1998
Australia	August 23, 2005	July 18, 2007
Austria	June 29, 1998	March 26, 2001
Belarus	September 4, 2008	-----
Belgium/Luxembourg	August 27, 1998	March 19, 2003
China	July 11, 2008	June 6, 2009
Cuba	May 30, 2001	March 29, 2002
Czech Republic	April 4, 2002	March 14, 2004
Denmark	April 13, 2000	September 23, 2000
Finland	February 22, 1999	August 21, 2000
France	November 12, 1998	October 11, 2000
Germany	August 25, 1998	February 23, 2001

Greece	November 30, 2000	September 17, 2002
Iceland	June 24, 2005	April 28, 2006
India	May 21, 2007	February 23, 2008
Italy	November 24, 1999	December 4, 2002
Korea	November 14, 2000	June 28, 2002
Netherlands	May 13, 1998	October 1, 1999
Panama	October 11, 2005	December 14, 2006
Portugal	November 11, 1999	September 4, 2000
Slovak	October 26, 2007	April 8, 2009
Spain	October 10, 2006	April 4, 2008
Sweden	October 3, 2000	July 1, 2001
Switzerland	July 10, 1995	March 11, 1996
Trinidad and Tobago	October 3, 2006	September 16, 2007
United Kingdom	May 12, 2006	July 25, 2007
Uruguay	June 30, 1999	July 1, 2002

Source: Government of Mexico, Department of Economic Studies, *Database on BITs*, http://www.economia.gob.mx/swb/es/economia/p_APPRIs_Suscritos.

While the government has made serious efforts to develop policies designed to attract and promote inward investment in Mexico, it has made few such efforts to promote outward investment by Mexican companies. Since 1986, the Mexican government has focused its efforts on promoting exports, with the result that its economic strategy has leaned toward negotiating instruments such as NAFTA. The priority has been foreign trade, not investment abroad.

The expansion of Mexican multinationals can thus be attributed more to their efforts to compete in the global economy, to increase their competitiveness in the Mexican internal market, and to take advantage of the opening of the economies south of its borders – rather than to any specific policies on the part of the Mexican government.

The impact of the crisis on the Mexican economy and outward investment generally

The effects of the world crisis were very severe in 2009. The Mexican economy, due to its trade dependence on the US economy and other structural deficiencies – including the lowest ratio of fiscal revenue to GDP among the OECD countries, one of the most complex and time-consuming sets of procedures to start a new business, and the lack of sufficient bank loans to SMEs – was the most affected among the larger countries in Latin America. Mexican GDP posted a 6.5% fall, while aggregate demand dropped 9.5%, fixed investment declined 10.1%, total exports decreased 14.8%, and oil exports, with the added difficulty of the fall in international crude prices, plummeted 24%.¹⁰

FDI inflows in 2009 (USD 12.5 billion) were less than half of those in 2008, while FDI outflows (USD 7.6 billion) increased massively over the previous year's USD1.1 billion (annex figure 4).

¹⁰ Banco de México, 2009 Annual report.

The impact of the crisis on Mexican multinationals has varied greatly, depending on the industries they operate in. It has also varied according to the region of their operations. Thus, for example, the impact was felt less keenly by companies with their assets mainly in Latin America, which has been one of the regions least affected by the crisis, than by companies that depend on recovery in the US market, as is the case for those with activities related to construction. The outlook for these companies is the most uncertain.

In 2009, Mexican OFDI flows were fed primarily by an expensive international acquisition by Bimbo and the exceptional investment made by Grupo Mexico to recover its subsidiary ASARCO (annex table 4). However, the uncertainty over a possible lengthening of the recession fed by the crisis could lead to the spread of a much more conservative investment attitude of the kind exemplified by one of the leading Mexican telecommunications multinationals, America Movil.

The impact of the crisis on the companies in the ranking

As a result of the crisis, the total sales of the top 20 fell 2.2% in relation to the previous year, but if we exclude the state-owned enterprise PEMEX to avoid the distorting weight it represents in the aggregate data, the result is not negative but a 9.2% increase.

A more precise analysis can be obtained by observing the individual performances of the multinationals, which vary considerably, depending on their industry. As noted earlier, 40% of the top 20 experienced a reduction in total sales and 40% also felt their foreign sales decline (although this did not always involve the same firms).

The companies most affected are in activities tied to the construction industry (CEMEX, Industrias CH, Xignux, and Vitro), in mining (Grupo México), in oil (PEMEX), and in autos and auto parts (San Luis Corp. and ALFA's automotive division). In the case of CEMEX,¹¹ a global company that offers services and products in more than 50 countries worldwide and that is in third place in the world in cement and clinker sales, it should be noted that in 2009, as in 2008, the company had to divest foreign assets, specifically, its operations in Australia, which it sold to the Holcim Group.¹²

CEMEX indefinitely postponed a bond placement for USD 500 million until market conditions turn more favorable. The company – which has faced large losses in Venezuela following the expropriation of its plants – also began talks with its main creditor banks to restructure USD14.5 billion in debt. Thanks to its corporate strength, CEMEX has managed to deal with important international lawsuits filed against it in Poland, USA and Spain.

Perhaps one of the lessons that flow from what transpired in 2009 in relation to Cemex is that the geographical expansion of Mexican companies should be conducted more cautiously in the future, in the light of the manner in which governments are reacting to the role of foreign companies in increasing market concentration.

¹¹ Its annual estimated production capacity is 97 million tons of cement.

¹² The sale to Holcim involved 249 cement plants, 83 aggregate quarries, and 16 production plans for cement tubes, all of them located in Australia.

The crisis had no major effect on companies in telecommunications (America Movil¹³ and Carso Global Telecom) or on those in the food and beverage business (FEMSA, Bimbo, Gruma and Accel), which increased their total and foreign sales. The most noteworthy cases were those of the latter four companies, which boosted their *total* sales with regard to the previous year by 24%, 50%, 19%, and 75% respectively and increased their *foreign* sales by 47%, 120%, 22%, and 97% respectively.

Nevertheless, in response to the crisis, America Movil adopted more conservative policies and reduced the pace of its expansion, as evidenced by its M&A and greenfield investments.

Grupo México had falls in foreign and total sales of 17% and 14% respectively. But the near future looks brighter for this multinational enterprise, as it fully controls ASARCO and all its assets, which include the Ray, Mission and Silver Bell mines in Arizona and several refining and smelting plants in Texas and Arizona.

Despite an adverse world economic environment, FEMSA exceeded its initial expectations, with its total consolidated revenues increasing by 17.3% and all its operations – soft drinks, beer, and retail sales – contributing positively to this growth. Remarkably, at the end of 2009, FEMSA announced that an agreement had been reached with Heineken to sell the Cervecería Cuauhtémoc Moctezuma brewery, which has been an emblem of Mexican industry for the past 120 years.¹⁴

Grupo Bimbo registered the best performance in its history in 2009, thanks to the successful integration of Weston Foods Inc, for which it paid USD 2.5 billion dollars.¹⁵ Its expansion strategy has also included the purchase of small plants in Colombia and Beijing.¹⁶

Because of the crisis and the recession, the external sales (including exports) of the diversified Grupo Alfa fell in 2009, especially in its auto parts division. The company nonetheless maintained its geographical distribution (the highest number of affiliates, 53%, in North America) and product segment distribution (49% of assets in petrochemicals), both similar to the previous year. Grupo Alfa also refinanced its debt, extending the average maturity from 1.8 to 4.2 years.

Severe decrease in crude prices during 2009 had a significant effect on PEMEX total sales, which fell by 10%.

¹³ In Mexico, America Movil operates under the 'Telcel' name and has more than 36 million users and a 77% share of the market. Is the largest supplier of wireless telecommunications services in Latin America and the third largest cell phone company in the world. It is the first Mexican company to receive a USD 1 billion loan from the China Development Bank for the purchase of cellular network equipment to be used for the expansion of its infrastructure in Latin America. The company has 186.6 million subscribers in Latin America, including Mexico, followed by the Spanish company Telefónica with 124.7 million. Thanks to a strategic alliance with Wal-Mart Stores, the company plans to reach 200 million users at the end of the year. <http://www.cnnexpansion.com/negocios/200911/05>.

¹⁴ Meanwhile, according to 2009 SEC reports, the founder of Microsoft, Bill Gates, consolidated his position as a shareholder in Coca-Cola-FEMSA by increasing his equity stake from 2.93% to 3.1%. The Bill & Melinda Gates Foundation, which has been investing in FEMSA since 2008, now holds 17.4% of the stock..

¹⁵ With this acquisition, BIMBO became the first coast-to-coast bakery in the United States, with 35 plants and 7,000 distribution routes. It is now the largest Mexican employer in the United States.

¹⁶ Bimbo's Beijing Food Company has one production plant and 11 distribution centers.

During 2009, GRUMA¹⁷ faced problems with the Venezuelan government, which expropriated its subsidiary MONACA; on the other side of the ledger, GRUMA inaugurated a new plant in Melbourne, Australia.

In contrast with CEMEX, the company Cementos de Chihuahua posted very positive results in its operations both in Mexico as well as abroad. It was the only one of the four companies in the non-metallic minerals sector in the ranking that increased total and foreign sales over 2008. Even though its sales in Mexico fell by 18%, the sales of its subsidiaries in the United States and Bolivia increased by 3% and 53%, respectively. Cementos de Chihuahua also restructured its bank debt with a final maturity date in 2015.

Errata: 2008 Report on Mexican multinationals

In annex table 1, Grupo Elektra's foreign affiliates should read '7', not '444'. (The 444 are retail stores.)

Grupo Alfa's losses, mentioned on page 5, should read 'USD 791 million', not 'USD 132 million'.

¹⁷ Gruma produces corn flour and tortillas and is the largest of its kind in the world. About 43% of its sales are in the United States and Europe.

For further information, please contact:

**Institute for Economic Research (IIEc),
National Autonomous University of Mexico
(UNAM)**

Jorge Basave Kunhardt
Senior Researcher, IIEc, UNAM
52-56230110 Ext. 42436
basave@servidor.unam.mx

María Teresa Gutiérrez-Haces
Senior Researcher, IIEc, UNAM
52-56230100 Ext. 42421
haces@servidor.unam.mx

**Vale Columbia Center on
Sustainable International
Investment (VCC)**

Karl P. Sauvant
Executive Director
1-646-724-5600
Karl.Sauvant@law.columbia.edu

Vishwas P. Govitrikar
Global Coordinator, EMGP Project
1-514-507-3948
vpgovitrikar@gmail.com

Emerging Markets Global Players (EMGP) Project

The IIEc-VCC ranking of Mexican multinationals was conducted in the framework of the Emerging Market Global Players (EMGP) Project, a collaborative effort led by the Vale Columbia Center. It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on emerging market multinationals. Nine country reports were published in 2009 - Argentina, Brazil, China, India, Israel, Mexico, Russia, Slovenia and Turkey – and some 15 are expected in 2010. For further information, visit: <http://www.vcc.columbia.edu/content/emerging-market-global-players..>

Institute for Economic Research, UNAM

The Institute for Economic Research (IIEc) is an academic institution of the National Autonomous University of Mexico (UNAM). Its main functions are research into, and circulation of information on, economic issues. Participating in the IIEc are more than 110 academic specialists in 14 research units. Annually, the IIEc publishes three specialized journals on economic questions and several books. UNAM is a public university and the largest in Latin America. In 2005, the British newspaper *The Times* ranked it 95th among the world's 200 best universities and, in July 2009, The High Council of Scientific Research of Spain ranked it 44th in the world. For further information, visit: www.iiec.unam.mx and www.unam.mx.

Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center on Sustainable International Investment (VCC), headed by Dr. Karl P. Sauvant, is a joint undertaking of the Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to FDI in the global economy, paying special attention to the sustainability dimension of this investment. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law. Its objectives are to analyze important, topical and policy-oriented issues related to FDI, develop and disseminate practical approaches and solutions, and provide students with a challenging learning environment. For more information, see www.vcc.columbia.edu.

ANNEX I: Tables and figures

Annex table 1. Mexico: The top 20 multinationals: Key variables, 2009 (USD million ^a and number of employees)

Rank	Name	Industry	Assets		Sales		Employment		TNI (%)	Number of foreign affiliates	Number of host countries
			Foreign	Total	Foreign	Total	Foreign	Total			
1	Cemex	Non-metallic minerals	39,607	44,565	11,954	15,139	32,419 ^b	47,624	79	25	23
2	America Movil	Telecommunications	29,470	34,671	19,314	30,209	36,314	53,661	72	22	17
3	Carso Global Telecom	Telecommunications	16,891	28,201	6,724	16,037	22,827	77,715	44	23	8
4	Grupo México	Mining	7,742	13,187	2,381	4,980	6,498	23,026	45	5	2
5	Grupo FEMSA	Beverages	5,222	16,156	5,673	15,080	35,647 ^c	127,179	33	3	3
6	Grupo BIMBO	Food products	4,816	7,402	4,666	8,905	40,000 ^b	102,000	52	23	17
7	Grupo ALFA	Diversified	2,759	8,273	3,169	8,850	12,109	52,384	31	24	16
8	PEMEX	Oil & gas	2,090 ^c	101,948	^d	83,417	1,700	147,294	n.a	1	1
9	Gruma	Food products	2,056	3,365	2,805	3,864	11,825	19,083	65	14	14
10	Grupo Televisa	Television, motion pictures radio & telecommunications	1,565	9,687	595 ^e	4,007	1,856	24,362	13	6	3
11	Mexichem	Chemical & Petrochemicals	1,520	3,084	1,491	2,350	6,527	9,372	61	44	20
12	Cementos Chihuahua	Non-metallic minerals	1,312	2,011	516	701	n.a.	2,762	n.a	19	2
13	Xignux	Diversified	735 ^b	1,730	1,121 ^e	2,116	5,000 ^b	18,298	41	5	4
14	Industrias CH	Steel & metal products	574	2,476	602	1,697	1,654	5,109	30	7	2
15	Grupo VITRO	Non-metallic minerals	397	2,499	480	1,836	3,205	16,807	20	29	11

16	Grupo ELEKTRA	Retail trade	246 ^f	9,125	427	3,277	6,583	37,498	12	7	7
17	San Luis Corp.	Automobile parts	122	546	171	418	1,180	3,220	33	4	2
18	Interceramic	Non-metallic minerals	98	367	157	427	622	3,886	26	4	3
19	Accel	Food products	87	186	179	217	1,313 ^c	1,787	68	2	1
20	Corporación Durango	Paper & paper products	76	1,149	92	787	205	7,400	07	4	1
Total (average for the TNI percentage)			117,385	290,628	62,517	204,314	227,484	780,467	41^g	271	157

Source: IIEc-VCC survey of Mexican multinationals and company reports and websites.

^a The exchange rate used is the IMF rate of December 31, 2009: USD 1= Pesos 13.0659.

^b Minimum estimated.

^c Includes 50% of its associate, Deer Park Refining Ltd., which is a 50–50 joint venture with Shell Oil Co.

^d The foreign sales of Pemex's subsidiary, Deer Park Refining Ltd. (Texas), a 50–50 joint venture with Shell Oil Co., is accounted under the equity method and therefore reported as a loss.

^e Exports included.

^f Includes 44% of its foreign assets. Remaining 56% are financial assets and therefore not included.

^g TNI average of 18 firms, excluding PEMEX and Cementos Chihuahua. The TNI is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. It is expressed as a percentage (i.e., '41' rather than '0.41').

Annex table 2. Mexico: The top 20 multinationals: Regionality Index 2009

Company	Middle East & North Africa	Sub-Saharan Africa	East Asia & the Pacific	South Asia	Developed Asia Pacific	Eastern Europe & Central Asia	Other Europe	Latin America & the Caribbean	North America
Cemex	12		16			20	28	20	4
America Movil								95	5
Carso Global Telecom								96	4
Grupo México								40	60
Grupo FEMSA								100	
Grupo Bimbo			9				17	48	26
Grupo Alfa			4			17	29	29	21
PEMEX									100
Gruma			14		7		21	50	7
Grupo Televisa							17	50	33
Mexichem			2		2		7	80	9
Cementos de Chihuahua								5	95
Xignux				20				40	40
Industrias CH									100
Grupo Vitro							14	24	62
Grupo ELEKTRA								100	
San Luis Corp.								50	50
Interceramic								50	50
Accel									100
Corporación Durango									100

Source: IIEc-VCC survey of Mexican multinationals and company reports and websites.

^a The regionality index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100.

Annex table 3. Mexico: The top 20 multinationals: Stock exchange listings, 2009

Company	Domestic	Foreign
Cemex	Bolsa Mexicana de Valores	New York Stock Exchange
America Movil	Bolsa Mexicana de Valores	Mercado de Valores Latinoamericanos (Latibex) de la Bolsa de Madrid, España; New York Stock Exchange
Carso Global Telecom	Bolsa Mexicana de Valores	New York Stock Exchange
Grupo México	Bolsa Mexicana de Valores	
Grupo FEMSA	Bolsa Mexicana de Valores	New York Stock Exchange
Grupo Bimbo	Bolsa Mexicana de Valores	
Grupo Alfa	Bolsa Mexicana de Valores	Mercado de Valores Latinoamericanos (Latibex) de la Bolsa de Madrid, España
Gruma	Bolsa Mexicana de Valores	New York Stock Exchange
Grupo Televisa	Bolsa Mexicana de Valores	New York Stock Exchange
Mexichem	Bolsa Mexicana de Valores	
Cementos de Chihuahua	Bolsa Mexicana de Valores	
Industrias CH	Bolsa Mexicana de Valores	American Stock Exchange
Vitro	Bolsa Mexicana de Valores	
Grupo ELEKTRA	Bolsa Mexicana de Valores	Mercado de Valores Latinoamericanos (Latibex) de la Bolsa de Madrid, España
San Luis Corp.	Bolsa Mexicana de Valores	
Interceramic	Bolsa Mexicana de Valores	
Accel	Bolsa Mexicana de Valores	
Corporación Durango	Bolsa Mexicana de Valores	

Source: IIEc-VCC survey of Mexican multinationals and company reports and Websites.

Annex table 4. Mexico: The top 10 outward M&A transactions, 2007-2009 (USD million)

Date	Acquirer's name	Target company	Target industry	Target country	% of shares acquired	Value of transaction
07/2007	CEMEX	Rinker Co.	Non-metallic minerals	Australia	100	14,285
03/2008	America Movil	Estesa Holding Co.	Telecommunications	Nicaragua	100	4,300
01/2009	Grupo Bimbo	Weston Foods Inc.	Food	USA	100	2,500
06/2009	Grupo México	ASARCO	Mining	USA	100	2,200
03/2007	America Movil	Telpri	Telecommunications	Puerto Rico	100	1,890
04/2007	Mexichem	Petroquímica Colombiana	Petrochemicals	Colombia	100	736
03/2007	ALFA	Teksid Aluminum	Auto parts	USA	100	485
03/2007	Carso Global Telecom	Compañía de TV Cable	Telecommunications	Peru	100	393
06/2008	FEMSA	Refrigerantes Minas Gerais Ltda.	Beverages	Brazil	100	364
03/2007	ALFA	Hydro Aluminum	Auto parts	Norway	100	298
Total						27,451

Sources: Consolidated company reports and websites.

Annex table 4a. Mexico: Top outward M&A transactions, 2009 (USD million)

Date	Acquirer's name	Target company	Target industry	Target country	% of shares acquired	Value of transaction
01/2009	Grupo Bimbo	Weston Foods Inc.	Food	USA	100	2,500
06/2009	Grupo México	ASARCO	Mining	USA	100	2,200
05/2009	Xignux	Indo-Tech Transformers Ltd.	Equipment and machinery	India	20 ^a	102
04/2009	Carso Global Telecom	Eidon Software	Software	USA	51	18
01/2009	Mexichem	DVG Industria e comercio	Petrochemicals	Brazil	30 ^b	18
01/2009	Grupo Bimbo	Beijing Food Co.	Food	China	100	14
01/2009	Mexichem	Geo Andina	Petrochemicals	Colombia	50 ^b	13
04/2009	Carso Global Telecom	Yellow Pages USA Inc.	Information Services	USA	20 ^b	8
Total						4,873

Source: Consolidated company reports and websites.

^a This increased the acquirer's stake in the target firm to 75%.

^b This increased the acquirer's stake in the target firm to 100%.

Annex table 4b. Mexico: Top outward divestments, 2009 (USD million)

Date	Company	Company sold	Industry	Buyer	Buyer's country	Value of transaction
06/2009	CEMEX	CEMEX Australia Pty Ltd.	Non-metallic minerals	Holcim Group	Australia	1,770
05/2009	Gruma	Monaca	Food	^a	Venezuela	245 ^b
02/2009	Xignux	Yazaki Do Brasil Ltd	Auto parts	Yasaki Corp.	Brazil	64
		Yazaki Argentina SRL	Auto parts	Yasaki Corp.	Argentina	
Total						2,079

Sources: Consolidated company reports and websites.

^a Expropriated by the Government of Venezuela.

^b Estimated value.

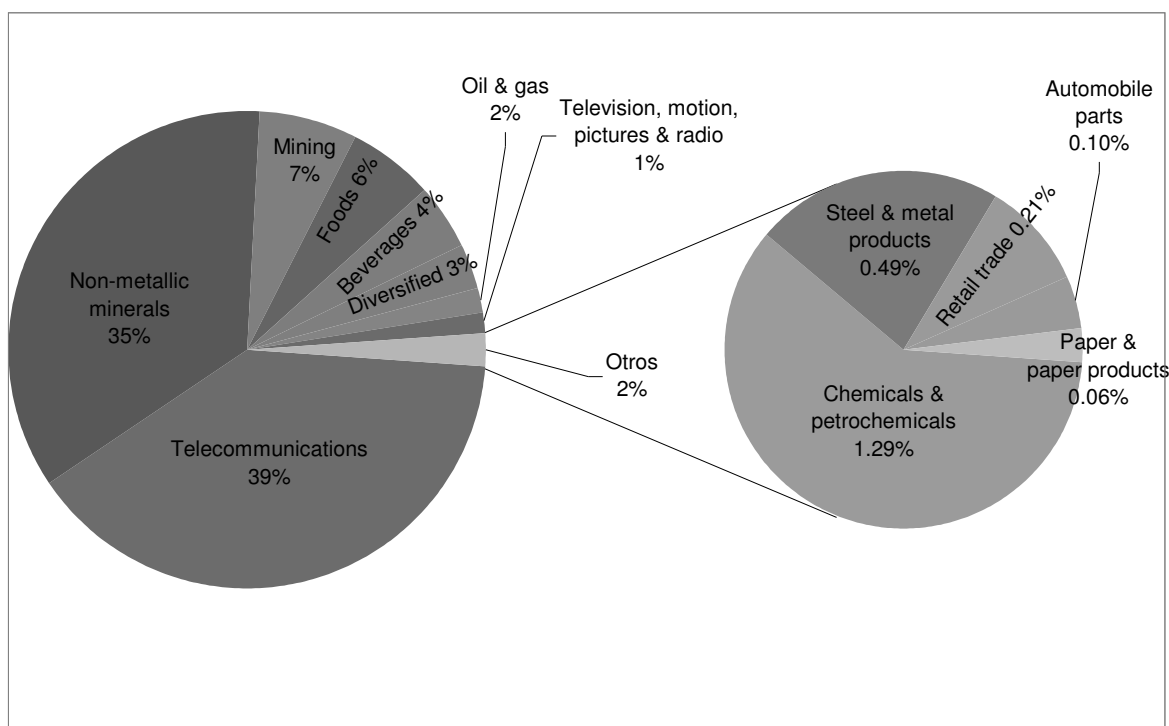
Annex table 5. Mexico: Top 10 outward greenfield transactions, announced, 2007-2009 (USD million)

Date	Company	Destination	Industry	Value of transaction
Jun-09	Grupo Mexico	Peru	Metals	600.00
Feb-09	Cemex	Poland	Building & Construction Materials	514.07
Sep-07	Cemex	United States	Building & Construction Materials	400.00
Mar-08	America Movil	Argentina	Communications	273.00
Oct-07	Cemex	Panama	Building & Construction Materials	270.00
Feb-07	Cemex	Poland	Building & Construction Materials	260.30
Mar-07	Control Administrativo Mexicano	United States	Building & Construction Materials	200.00
Sep-09	Gruma	Australia	Food & Tobacco	168.10 ^a
Mar-07	Gorditas Doña Tota	United States	Leisure & Entertainment	160.50 ^a
Feb-07	America Movil	Honduras	Communications	150.00
Total				2,995.97

Source: Adapted from fDi Intelligence, a service from the Financial Times Ltd.

^a This is an estimated amount.

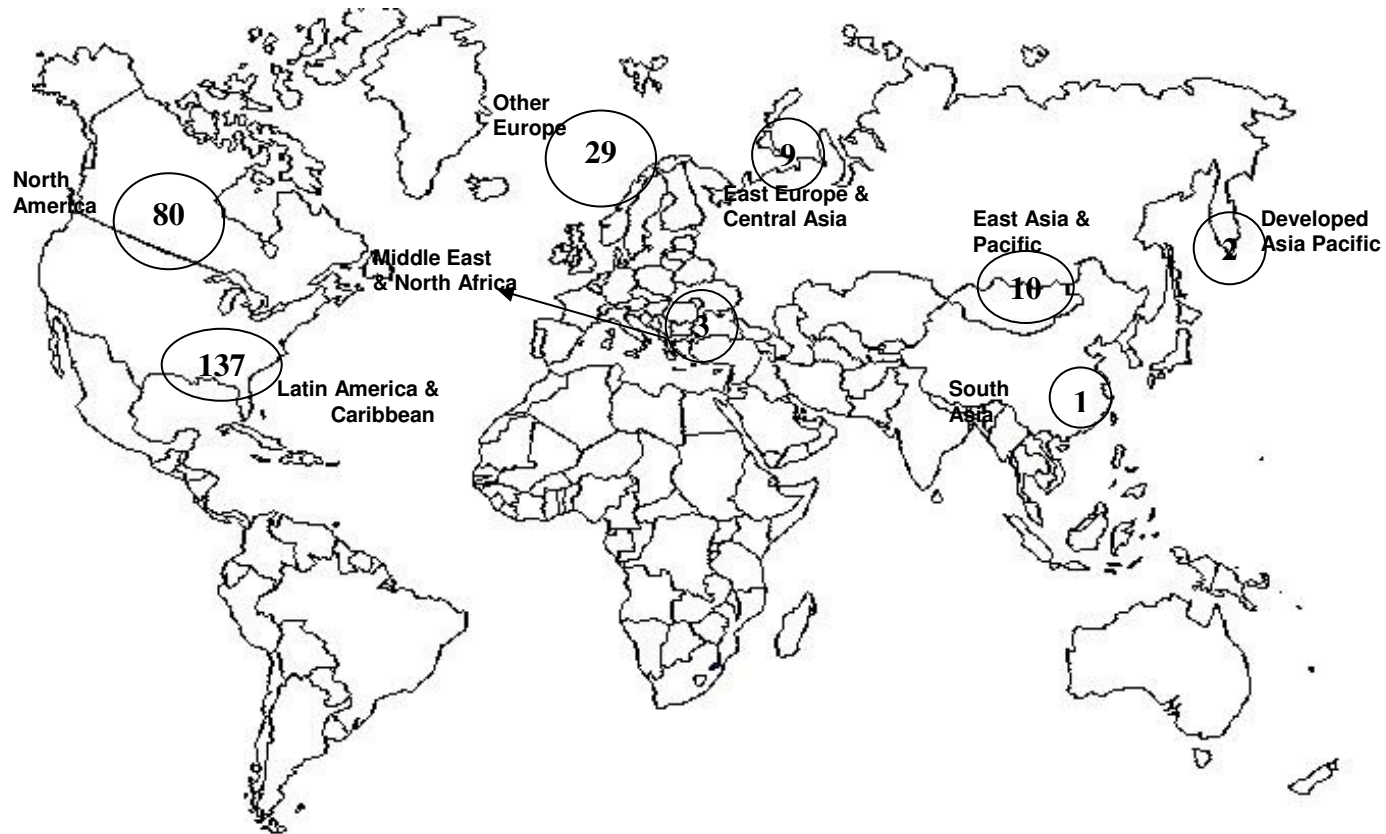
Annex figure 1. Mexico: Breakdown of the foreign assets of the top 20 multinationals, by main industry, 2009



Industry	Foreign assets (USD million)	Number of companies	Companies
Telecommunications	46,361	2	America Movil, Carso Global Telecom
Non-metallic minerals	41,414	4	CEMEX, Cementos de Chihuahua, interceramic, VITRO
Mining	7,742	1	Grupo Mexico
Foods	6,959	3	Gruma, Bimbo, Accel
Beverages	5,222	1	Grupo Femsa
Diversified	3,494	2	Grupo ALFA, Xignux
Oil & gas	2,090	1	PEMEX
Television, motion, pictures & radio	1,565	1	Grupo Televisa
Chemicals & petrochemicals	1,520	1	Mexichem
Steel & metal products	574	1	Industrias CH
Retail trade	246	1	Grupo Elektra
Automobile parts	122	1	San Luis Corp
Paper & paper products	76	1	Corporación Durango
Total	117,385	20	

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

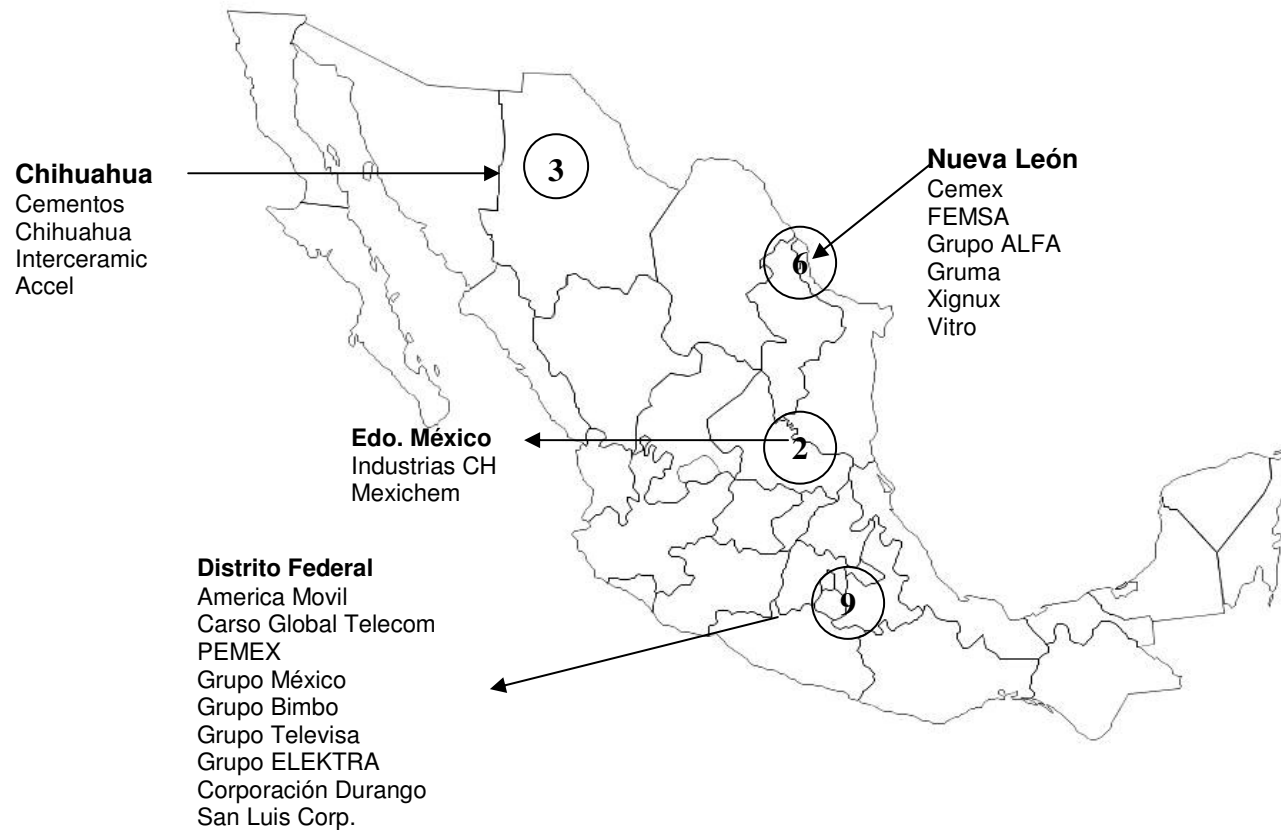
Annex figure 2. Mexico: Foreign affiliates of the top 20 multinationals, by region, 2009^a



Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

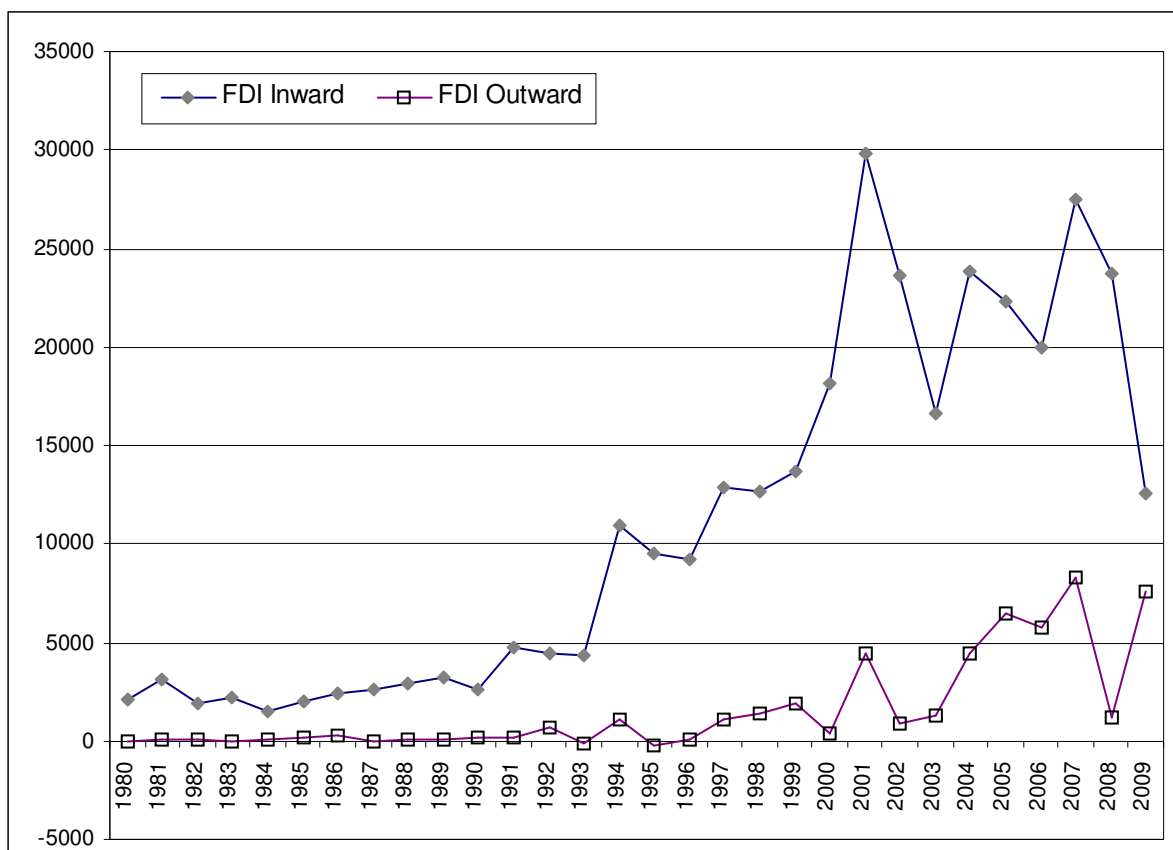
^a The total number of affiliates is 271.

Annex figure 3. Mexico: Head office locations of the top 20 multinationals, 2009



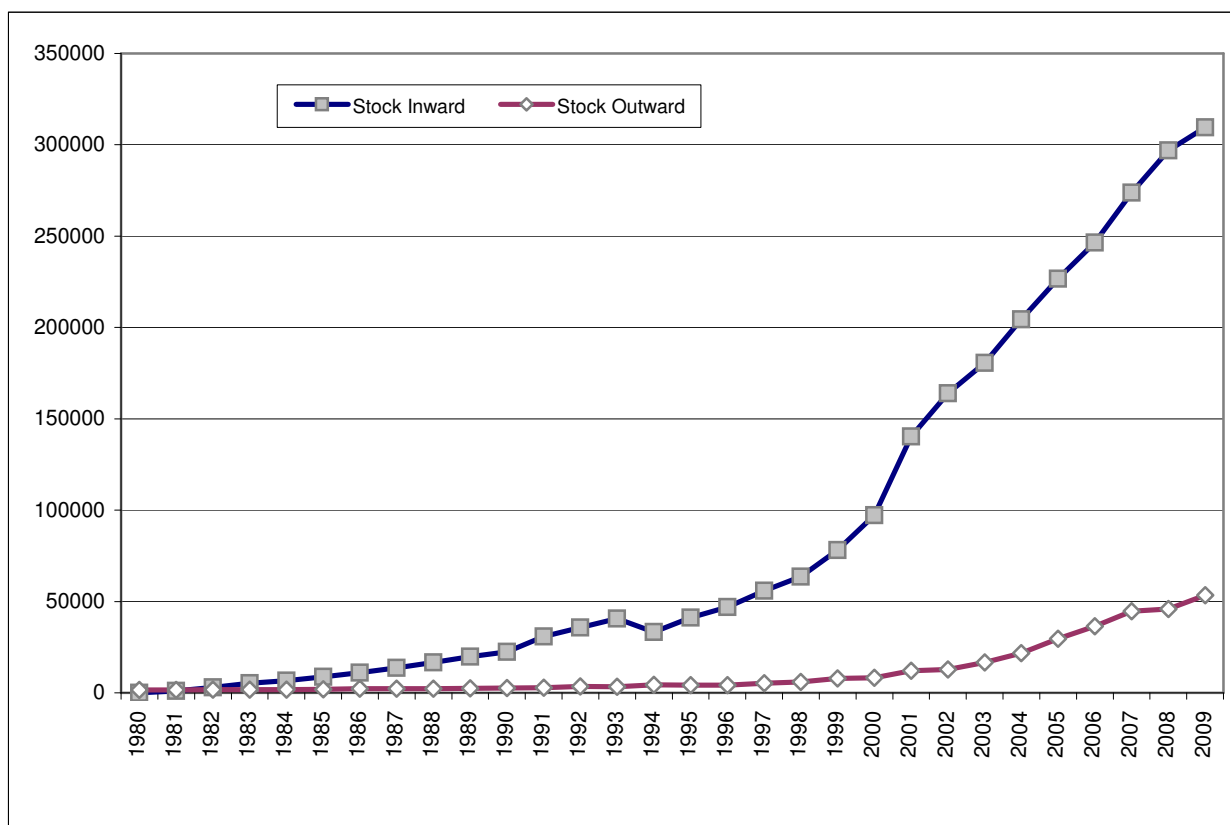
Source: IIEc-VCC survey of Mexican multinational and consolidated company reports and websites.

Annex figure 4. Mexico: Inward and Outward FDI flows, 1980-2009 (USD million)



Source: UNCTAD, FDI STAT On-line database (Geneva: United Nations Conference on Trade and Development), <http://stats.unctad.org/FDI/TableViewer/tableView.aspx?ReportId=4031>,

Annex figure 5. Mexico: Inward and Outward FDI stock, 1980-2009 (USD million)



Source: UNCTAD, FDI STAT On-line database (Geneva: United Nations Conference on Trade and Development), <http://stats.unctad.org/FDI/TableView/tableView.aspx?ReportId=4031>,

Annex II. Brief company profiles (in the order of the ranking)

CEMEX¹⁸

Founded in 1906 under the name Cementos Mexicanos, CEMEX is a producer of building materials: cement, ready-mix concrete and related products like crushed stone and gravel. It is today the world's third largest cement company¹⁹ and is listed on the Bolsa Mexicana de Valores (BMV), the Mexican stock exchange, as well as on the New York Stock Exchange (NYSE).

Cemex has grown through mergers and acquisitions, both in Mexico and abroad. Among its foreign acquisitions are the Spanish companies Valenciana and Sanson, which it acquired in the early 1990s, followed by a number of acquisitions in the Americas in 1995: Cementos Nacionales in the Dominican Republic, Venceremos in Venezuela, Cementos Bayano in Panama, and Balcones in the United States. It has since expanded to the Philippines, Thailand and Egypt, among other countries.

Lorenzo Zambrano, Chairman of the Board and Chief Executive Officer of CEMEX is currently the North American Deputy Chairman at the Executive Committee of The Trilateral Commission.

The company's main shareholder is the Zambrano family.

America Movil S.A de C.V.

America Movil's main activity is cellular telephones and international telecommunications. It is the largest provider of wireless telecommunication services in Latin America and the third largest cellular phone company in the world. It was created in September 2000 as a spin-off from Teléfonos de México (TELMEX),²⁰ controlled by the businessman Carlos Slim. Most of the international investments remained in America Movil. The following year, the new company's shares were distributed among Telmex shareholders. The company has subsidiaries and joint investments in the telecommunication sector in Mexico, the United States, eight South American countries, and eight Central American and Caribbean countries. By 2005, America Movil had approximately 93.3 million users of wireless telecommunications.

Its main shareholder is Carlos Slim Helú.

Carso Global Telecom

Carso Global Telecom was originally part of Teléfonos de México (Telmex), a company under government control that was privatized in 1990. In 2007, Telmex separated its operations in Latin America to give birth to Carso Global Telecom. In turn, Carso Global Telecom is a shareholder in Telmex Internacional (73.9%), with AT&T as its partner (22.2%).

Its main shareholder is Carlos Slim Helú.

¹⁸ All information on this company was obtained from the CEMEX website: www.cemexmexico.com.

¹⁹ After the French Lafarge and the Swiss Holcim.

²⁰ Originally state-controlled but privatized in 1990.

Grupo México

This company originated as American Smelting and Refining, which in 1956 established ASARCO Mexicana and in 1978 created the Grupo Industrial Minera México holding company. The subsidiary that encompasses all of the group's mining operations is MEDIMSA. Since 1988, it has participated in public bidding processes, acquiring Minera de Cobre and Minera Cananea from the state. Among the minerals and chemicals that the company produces are copper (more than 50%), molybdenum, silver, zinc, sulfuric acid, gold, and lead.

The company has operations in Mexico and Peru (Southern Copper Corporation). In 1997, its subsidiary Infraestructura y Transportes de México created the company Grupo Ferroviario Mexicano, which acquired, through public bidding, total equity control in Ferrocarril Pacífico-Norte (now Ferrocarril Mexicano).

Grupo México is listed on the BMV and its products trade on the London Metal Exchange and the New York Mercantile Exchange.

Grupo FEMSA²¹ S.A. de C.V.

Founded as Cervecería Cuauhtémoc in 1890, the company has been operating as FEMSA since 1980, specializing in the production of beer and soft drinks.

In 1918, FEMSA created a company to promote the educational and economic development of its employees and their families, which led in 1943 to the founding of the Monterrey Technological Institute of Higher Education, one of Mexico's most prestigious institutions in this field. In 1954, it incorporated Cervecería Tecate in Baja California and, in 1978, entered the retail trade business through its Oxxo convenience stores. In 1979, it acquired a Coca-Cola franchise and went on to acquire Coca-Cola in Argentina. In 2003, after acquiring various bottling companies in Central and South America, FEMSA became Coca-Cola's largest bottler in the region. In 1985, it acquired Cervecería Moctezuma, which made it Mexico's second largest brewery and one of the biggest exporters of beer to the United States. In 2009, it sold Cervecería Cuauhtémoc Moctezuma to its competitor Heineken.

FEMSA's main shareholder is the Garza Lagüera family.

Grupo Bimbo S.A. de C.V.

Grupo Bimbo is the world's third largest baking company. Founded in 1945 in Mexico City, it had 12 plants by 1978 and had launched the company Pasteles y Bizcochos (later Productos Marinela). At the same time, the company launched the first production plants for Ricolino candies and chocolates, and Barcel salted snacks, and acquired Controladora y Administradora de Pastelerías, which operates the El Globo pastry shop chain.

In 1990, Grupo Bimbo began its international expansion with the export of its products to the United States and the opening of plants in Argentina, Brazil, Chile, Peru, Uruguay, Venezuela, Austria, the Czech Republic, and recently China. Its sales force tops 40,000 employees who cover more than 20,000 routes and attend to approximately 550,000 points of sale.

²¹ Fomento Económico Mexicano.

Grupo Bimbo's main shareholder is the Servitje family.

Grupo Alfa

Grupo Alfa had its origin in a series of companies founded in the 1940s: Hojalata y Lámina S.A. (steel) and Celulosa y Derivados S.A., Nylon de México S.A. and Fibras Químicas S.A. (chemicals). The group took the name Grupo ALFA 1973. At present, it is comprised of four business divisions: aluminum auto parts, petrochemicals, telecommunications, and food products. It has installations in the United States, Germany, Canada, Costa Rica, El Salvador, the Czech Republic and Slovakia. Its exports are sold in 45 countries worldwide.

The group's operations are conducted through its subsidiaries: Alpek, in petrochemicals; Sigma, in refrigerated food products; Nemaq, in aluminum and autoparts; and Onexa, which functions as the shareholder of the Mexican part of the Alestra telephone company. In addition, Alfa owns Terza and Colombin Bel, companies specializing in the production of carpets and polyurethane foam rubber.

Dionisio Garza, Honorary President and Member of the Board of Alfa, is a member of the North American Group of The Trilateral Commission.

Alfa's main shareholder is the Garza Sada family.

Petróleos Mexicanos (PEMEX)

The Mexican oil monopoly, PEMEX, founded in 1938 as a result of the nationalization of the oil industry, is the only state-owned (100%) company in the ranking. It contributes a third of the public treasury's revenue and is one of the main suppliers of crude oil to the United States. (Some 80% of the company's crude oil production goes to the US.)

The company is organized in business divisions focused on exploration, refining, petrochemicals, and international activity. One of its international divisions, PEMEX International Group, is a shareholder in PMI Norteamérica, which in turn is a 50% partner with Shell Oil in the Deer Park refinery in the state of Texas.

Since 2008 PEMEX has seen a decline in production at its gigantic but old Cantarell oil field, where output is now at one million bpd, half the level produced at its peak in 2004.

Gruma, S.A. de C.V

Founded in 1949, GRUMA is the world's largest producer of corn flour and tortillas. It mainly specializes in the production, marketing, distribution, and sale of corn flour, packaged tortillas, and wheat flour. It mostly operates through the following subsidiaries: Gruma Corporation, which produces corn flour and tortillas in the United States and Europe, and is fully owned by GRUMA; Grupo Industrial Maseca (GIMSA), which produces corn flour in Mexico; Molinera de México, a wheat flour producer in Mexico; Gruma Centro América, based in Costa Rica; and Productos y Distribuidora Azteca, which produces packaged tortillas in northern Mexico. It also has operations in Europe, Asia, and Australia. The company has more than 19,000 employees and 74 industrial plants. About 43% of its sales are in the United States and Europe.

GRUMA owns 10% of the BANORTE bank.²² Its main shareholder is the González Barrera family.

Grupo Televisa S.A.

The company had its origins when the Azcárraga and O'Farrill families were granted concessions to operate TV channels 2 and 4 in Mexico City as well as several stations elsewhere in the country. In 1972, they created the company Televisa, producer and marketer of programs for their television channels.

Grupo Televisa is a holding company whose subsidiaries are focused on the entertainment and media industry, making it the largest company in the sector in the Spanish-speaking world. Through its subsidiaries and strategic associations, Grupo Televisa operates television channels 2, 4, 5 and 9 in the Mexico City metropolitan area, in addition to 220 relay stations and 33 local channels. It produces and transmits television programs, operates restricted TV signals, distributes television programs for the domestic and international markets, develops and operates direct satellite TV services for home viewing, provides cable TV services, produces and broadcasts radio programs, and produces and distributes movies. In Spain, the company owns slightly more than half of Radiópolis in a joint investment with the Spanish Grupo Prisa.

Emilio Azcárraga Jean is the majority stockholder.

Mexichem

Mexichem is a holding company, comprised of chemical and petrochemical companies that are leaders in the Latin American market, and it exports to more than 50 countries. It is present in a wide variety of sectors such as construction, coolants, industrial, and auto. Mexichem had its origins in a company known as Cables Mexicanos, founded in 1953. It has traded on the Bolsa Mexicana de Valores since 1978. In 1986, it incorporated Compañía Minera Las Cuevas, which produced fluorite. In December 2003, it increased its equity stake in Subsidiaria Mexichem, previously owned by the French company Total, from 50.4% to 93.79%.

Mexichem has developed an expansion strategy that integrates its operations vertically and horizontally. This performance has guided the company's expansion. Mexichem is the main producer of PVC resin (40% of the market) and PVC pipes (30% of the market) in Latin America.

Its main shareholder is the Del Valle family.

Grupo Cementos de Chihuahua

Founded in 1941, Grupo Cementos de Chihuahua produces, distributes and markets Portland gray cement, mortar, pre-mixed concrete, concrete cinder blocks, plaster and other building materials in Mexico and the United States. It has a 47% equity stake in Boliviana de Cemento, acquired in 2005. The company's annual production capacity is 4 million tons and it has more than 2,800 employees. In 2006, it acquired 100% of the equity in the US firms

²² Not consolidated in its financial statements.

The Hardesty Co. and Alliance Transportation, which expanded the company's presence in the United States, where it already had plants in South Dakota, Colorado, and Minnesota.

Xingnux

Xingnux was founded in 1956 as Conductores Monterrey. It is comprised of four business divisions: electric cables, electric transformers, infrastructure, and food products. It has 25 production facilities and a number of distribution centers in Latin America, the United States and India. Xingnux currently exports over half its production to more than 30 countries. It does not trade on any stock exchange.

Its main shareholder is the Garza Herrera family.

Industrias CH

The company's origin dates back to 1934, when it was known as Herramientas S.A. and specialized in the production of hand tools. In 1938, its name was changed to Campos Hermanos S.A. but it was not until the 1960s when it entered steel production. In 1991, the company was acquired by the current management.

Industrias CH produces and processes steel. It is the main producer of special steels in Mexico and the market leader in seamed pipes, steel structural profiles and commercial profiles. In July 2005, ICH, together with its main subsidiary SIMEC acquired 100% of the equity of Pav Republic, a leader in the special steels market in the United States. Through Pav Republic, ICH and SIMEC are now present in the world's largest automotive market. It has been one of the Mexican steel companies posting the highest growth in the past few years. Today, Industrias CH has 15 plants in Mexico, the United States and Canada, which employ more than 5,000 workers.

Its main shareholder is the Vigil González family.

Grupo VITRO S.A de C.V.

Originally known as Vidriera Monterrey, the company was founded in 1909 and is today one of the world's largest glass-producing conglomerates. Grupo Vitro's subsidiaries do business throughout the entire Western Hemisphere, with installations and distribution centers in eight countries in North, Central and South America, and Europe, and they export their products to more than 70 countries worldwide.

Grupo Vitro produces articles for multiple markets. These include sheet glass for motor vehicles and construction; glass bottles for wine and liquor; and containers for cosmetics, pharmaceuticals, foods and beverages. The company also produces raw materials and machinery and equipment for industrial use, which are vertically integrated in the container business division.

Its main shareholder is the Sada family.

Grupo ELEKTRA

Originally known as the Salinas y Rocha department store, the company was founded in 1906. Since 1950, it has specialized in the production of household appliances. Its first

operations involved the production and marketing of radio transmitters in 1957, the year in which it opened the first Elektra store, a Grupo Salinas company. Its catalog of products and services has since expanded to furniture, minor household products, and household and electrical appliances. In 2002, it received authorization from the Finance Ministry to operate a banking institution, Banco Azteca²³, which was followed by an insurance company and a pension fund manager. In addition to Mexico, Elektra has a presence in Central and South America with more than 1,000 stores.

Its main shareholder is Ricardo Salinas Pliego.

San Luis Corporación, S.A. de C. V.

San Luis Corporación is an industrial group that manufactures automotive parts – mainly suspension and brake system components. Rassini, the first company of the current group, began operating in Mexico City in 1929. In 1967, Minas de San Luis was listed on the BMV. In 1979, a group of Mexican investors -headed by Antonio Madero Bracho- acquired most of the equity of Minas de San Luis, establishing Industrias LUISMIN as the holding company. In 1988, Minas de San Luis acquired Rassini, which already had a plant in Xalostoc, State of Mexico; two others in Piedras Negras, Coahuila; and a design, engineering, and customer service office in the Detroit, Michigan area. In 1990, the expansion of the steel coil plant and the springs and torsion bar plant began operating, positioning itself as the world's largest manufacturer of such items with more than 10 million parts annually. In 1994, San Luis Corporación acquired a plant located in San Martín Texmelucan, Puebla, now known as Rassini-Frenos. In 2002, the holding company sold its mining division in order to concentrate on the auto parts business, which today represents 88% of its revenue.

Antonio Madero, Chairman of the Board and Chief Executive Officer of San Luis Corporación, and actually a member of the Trilateral Commission.

The main shareholder of the San Luis Corporación is the Madero family.

Interceramic

Founded in 1978, Interceramic is a company dedicated to the production and sale of enameled ceramic tile for floors, and coverings and related products for their installation. It has four plants, three in Chihuahua and one in Garland, Texas, whose production is earmarked for the Mexican and US markets. With operations dating back to 1978, Interceramic today has an installed capacity of 33 million square meters a year and employs more than 3,000 workers in eight subsidiaries.

Its main shareholder is the Almeida family.

Accel S.A.

Originally incorporated as Ponderosa Industrial S.A., the company emerged as a spin-off from Grupo Chihuahua in 1991. It is a group of companies largely focused on providing storage, logistical, real estate, and distribution services. It also produces candy and dried fruit and nuts. One of its two divisions offers solutions in the handling of both refrigerated as

²³ Included in the consolidated total assets of Grupo Elektra but excluded from its foreign assets. See annex table 1, note f.

well as dry merchandise in warehouses, providing services for inventory management, freight consolidation and deconsolidation, platform crossing, selection and packaging, and marketing and distribution services. Accel has approximately 186,000 square meters for storage and distribution. The manufacturing division is comprised of Elamex, S.A. de C.V., a company with manufacturing operations and real estate activities in Mexico and the United States. Candy production takes place in Ciudad Juárez, Chihuahua, with a plant of approximately 16,722 square meters. The preparation, packaging, distribution, and sale of dried fruit and nuts (peanuts, almonds, pecans, pistachios, etc.) is carried out in the company's own facilities with a surface area of approximately 17,187 square meters in El Paso, Texas.

Accel's main shareholder is the Vallina family.

Corporación Durango

The origins of the company date back to 1975, to a merger between a forest product transport company and a regional wholesaler of construction materials.

Corporación Durango is today the largest paper and paper products manufacturer in México and among the 50 largest industrial companies in the country. The company has operations in Mexico and the United States and is listed on the BMV. Its combined annual sales exceed USD 1.2 billion and it has over 8,000 direct employees and nearly 4,000 indirect ones. Its main products are kraft paper, sawed wood, chemical by-products, corrugated packaging, and paper bags. Through its subsidiary Pipsamex, it also produces newsprint, with a production capacity of over 250,000 tons per year.

Its main shareholder is the Rincón family.